

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	3/22/10	Open	Information	3/17/10

Subject: Presentation by Mundle & Associates, Inc. of the Final Report: *Review of Cost Allocation Model & Alternative Strategies for Paratransit Service*

## ISSUE

Presentation by Mundle & Associates, Inc. of the Final Report: *Review of Cost Allocation Model & Alternative Strategies for Paratransit Service*, submitted to the Sacramento Regional Transit District.

## RECOMMENDED ACTION

None

## FISCAL IMPACT

None

## DISCUSSION

Subhash Mundle of Mundle & Associates, Inc., will present a Power Point summary (attached) of the Mundle & Associates, Inc., final report: *Review of Cost Allocation Model & Alternative Strategies for Paratransit Service*, submitted to the Sacramento Regional Transit District. The complete final report is also attached for your review and information.

Mundle & Associates has significant expertise in management and performance analysis, financial analysis, and reviewing services for persons with disabilities. Mundle & Associates specializes in performance, management, and regulatory audits of transit systems throughout the United States.

The study was initiated to aggressively pursue opportunities to contain cost, including the cost of paratransit services, and to ensure compliance with the Americans with Disabilities Act (ADA) requirements for paratransit services. RT expects that increased efficiencies in the area of ADA paratransit services will provide for additional ride capacity and improvement in the quality of service for paratransit riders. Paratransit, Inc. provided all information regarding allocated operating costs, as well as annual operating statistics, used as the basis of the review and actively participated in the review and comment process before the report was finalized.

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Approved:

Presented:

FINAL 3/18/10

General Manager/CEO

Director, Accessible Services & Customer Advocacy

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**Presentation**

**Review of**

**Cost Allocation Model and Alternative**

**Strategies for Paratransit Service**

March 2010

**Mundt & Associates, Inc.**

Philadelphia, PA



Sacramento Regional Transit District

# Background

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- RT is federally mandated to provide ADA complementary paratransit services
- Non-compliance with the ADA may jeopardize RT federal funds.
- In an effort to aggressively pursue opportunities to contain cost, RT pursued development of a new Cost Allocation model for ADA services.

# Objectives

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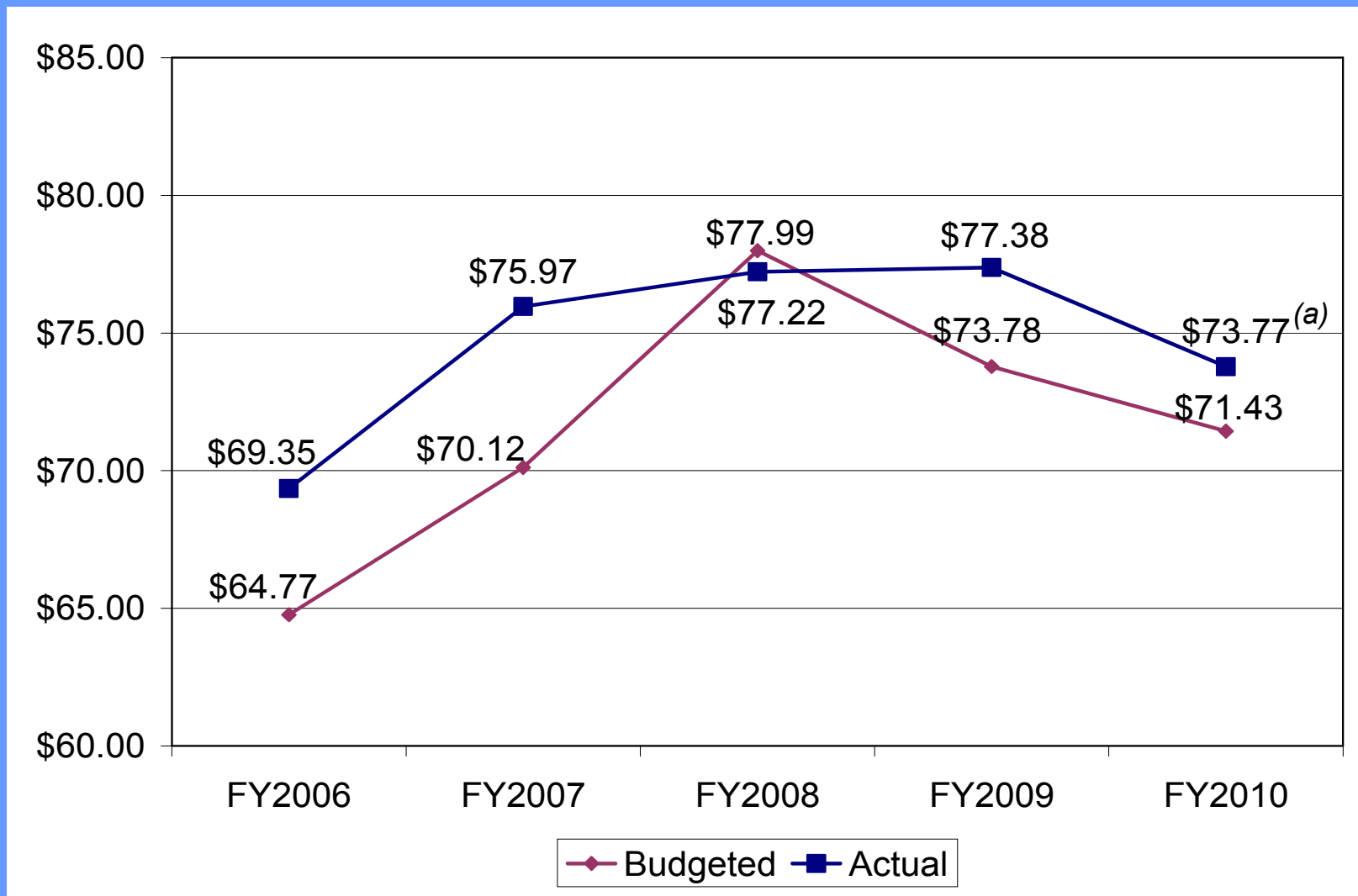
- Review Paratransit Inc.'s (PI) cost allocation model and calibration methodology.
- Identify strengths and weaknesses of this approach.
- Develop alternative strategies to improve cost and performance of ADA service.
- Assist RT with development of new Collaborative Agreement with PI.

# Cost Allocation Model and Calibration Methodology - Strengths and Weaknesses

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- PI's cost allocation, calibration and application methodology has many strengths
- Methodology is well suited for its purpose under steady state condition
- One weakness identified related to calibration frequency
- Reductions in allocated costs will have to be sought through reductions in administrative personnel, wages and benefits, and other economies

# Trend in Allocated Cost per Vehicle Service Hour

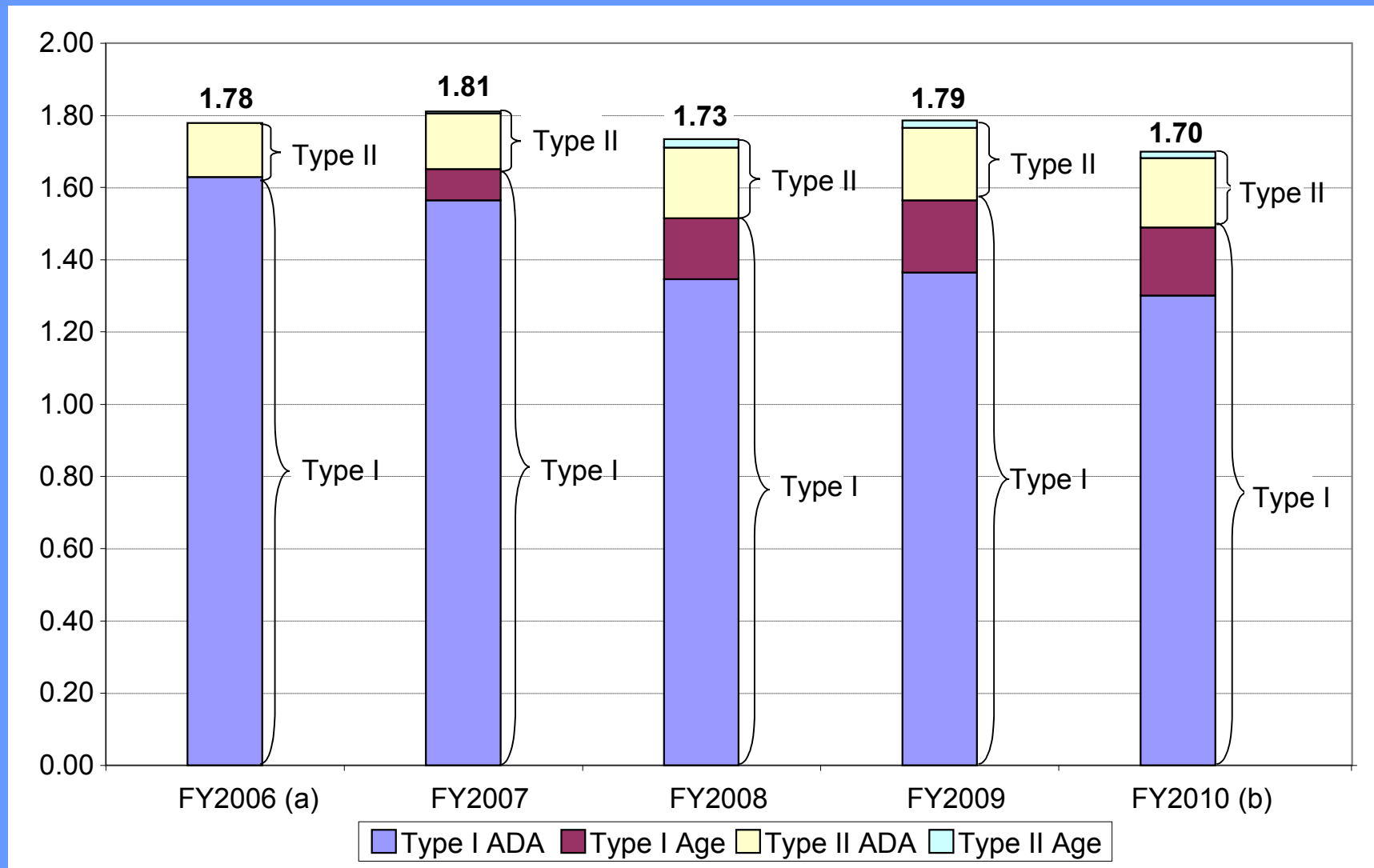


(a) Projected as of February 22, 2010

# Trend in Allocated Cost per Vehicle Service Hour, *continued*

Collaborative Agreement	FY2006	FY2007	FY2008	FY2009	FY2010
a. Allocated Operating Cost	\$11,574,685	\$11,772,816	\$12,818,750	\$12,874,765	\$13,343,280
b. Passenger Fare Revenue	\$890,137	\$883,340	\$1,046,504	\$1,028,245	\$1,212,439
c. PI's Contribution	\$1,169,517	\$740,476	\$803,246	\$0	\$984,321
d. RT's Contribution	\$9,515,031	\$10,149,000	\$10,969,000	\$11,846,520	\$11,146,520
e. Trips Provided (a)	290,377	292,481	296,413	296,407	312,047
f. Vehicle Service Hours (VSH) (a)	178,716	167,904	164,363	174,503	186,800
g. Allocated Cost per VSH [a/f]	\$64.77	\$70.12	\$77.99	\$73.78	\$71.43
h. Allocated Cost per Trip [a/e]	\$39.86	\$40.25	\$43.25	\$43.44	\$42.76

# Trend in Trips Provided per Vehicle Service Hour

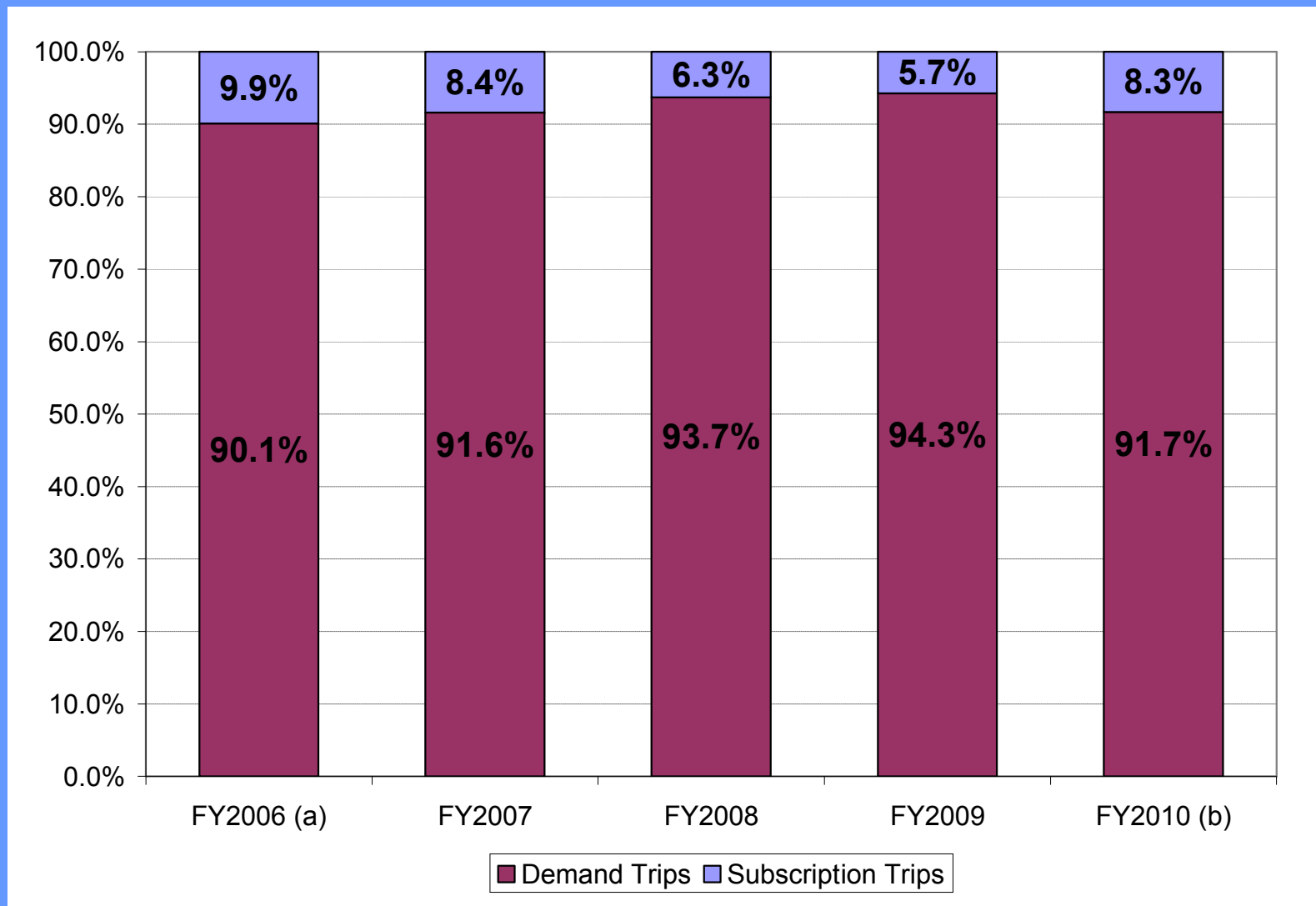


(a) Data are not disaggregated by ADA and Age.

(b) Data are for the period from July 2009 through January 2010.



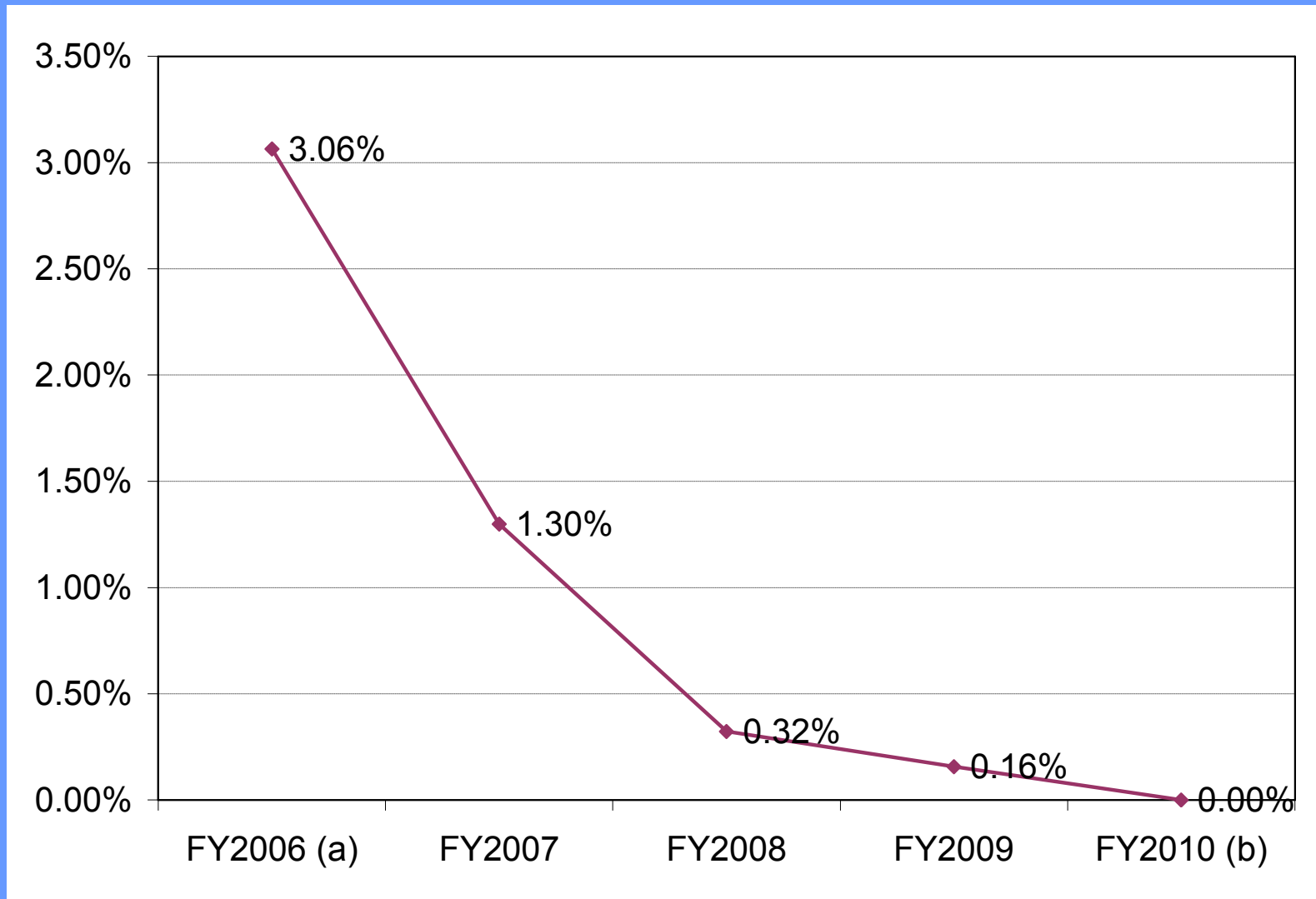
# Trend in Percentage of Subscription Trips



(a) Data are for all Type I (i.e., ADA and Age) Trips.

(b) Data are for the period from July 2009 through January 2010.

# Trend in Capacity Denials



(a) Data are for all Type I (i.e., ADA and Age) Trips.

(b) Data are for the period from July 2009 through January 2010.

# ADA Paratransit Service Cost Comparison

	Cost per Trip	Cost per VSH
<b>Paratransit, Inc.</b>		
FY 2008	\$43.25	\$77.99
FY 2009	\$43.44	\$73.78
FY 2010	\$42.76	\$71.43
<b>Selected Systems from Benchmarking Analysis</b>		
RTC Reno (FY09)	<b>\$22.00</b>	\$48.75
TriMet, Portland, OR (Jul 08-May09)	\$26.00	<b>\$25.00</b>
RTC Southern Nevada (FY08)	<b>\$38.33</b>	<b>\$60.42</b>
MTS San Diego (FY09)	\$32.68	\$57.19
TARC, Louisville, KY (FY09)	\$28.77	\$43.72
<b>Average</b>	<b>\$29.56</b>	<b>\$47.02</b>

- Lowest of selected systems

- Highest of selected systems

# Conclusions

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- ADA paratransit costs rose as high as \$78 per hour in FY2008, although it has since decreased to \$74 in FY2010, it still remains fairly high
- Cost per trip rose as high as \$43 in FY2009
- Passenger productivity for Type I (i.e., ADA and Age) trips, measured as passengers per VSH, declined
- Capacity denials for Type I (i.e., ADA and Age) trips were reduced over time; zero capacity denials achieved in FY10
- Minimal number of subscription rides provided over time

# Recommendations

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- Reduce level of funding to corresponding service reductions
- Focus efforts to manage demand to reduce costs
- Establish Performance Indicator targets
- Competitive contracting or in-house operation of ADA paratransit services should be seriously considered.
- RT should immediately begin to evaluate cost containment strategies

FINAL REPORT

# Review of Cost Allocation Model and Alternative Strategies for Paratransit Service

*submitted to the*  
**Sacramento Regional Transit District**

*prepared by*  
**Mundt & Associates, Inc.**  
Philadelphia, PA

**March 2010**



Sacramento Regional Transit District

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## EXECUTIVE SUMMARY

As an operator of fixed-route transit services in the Sacramento region and a recipient of federal funds, the Sacramento Regional Transit District (RT) is responsible for the provision of complementary paratransit services (CPS) that meet the federal regulations promulgated under the Americans with Disabilities Act (ADA). To meet the requirements of ADA CPS, RT has entered into a Collaborative Agreement with Paratransit, Inc. (PI), the primary Consolidated Transportation Services Agency (CTSA) in the Sacramento region designated by the State of California via the Sacramento Area Council of Governments (SACOG). PI receives funding as the CTSA through a four party agreement between SACOG, the City of Sacramento, the County of Sacramento, and RT – providing that the CTSA, PI, is the direct recipient of Transportation Development Act (TDA) Article 4.5 funding and Measure A local sales tax revenue. PI also generates revenue through its Diversified Services as described later in this report.

In addition to providing ADA CPS for RT, PI also provides human service transportation and related services in the region under a variety of other programs. Since there is overlap among the programs operated by PI, many of the costs charged to these programs are allocated using a methodology developed by PI.

### Objectives

The purpose of this study is to examine PI's cost allocation methodology particularly as it relates to the ADA CPS funded by RT and to assess adequacy of the provisions contained in the current Collaborative Agreement. The objectives of this study are listed below:

- To examine PI's cost allocation model and calibration methodology in order to identify its strengths and weaknesses;
- To develop alternative strategies to improve cost and performance characteristics of ADA service;
- To assist RT with development of new Collaborative Agreement; and
- To suggest alternative service delivery concepts for providing ADA CPS in the Sacramento region.

### Cost Allocation Assessment

The assessment of PI's cost allocation model was conducted in several steps. The first step was to examine PI's service delivery structure in order to understand how the services provided by PI are organized and how these influence the methodology for allocating costs. The second step was to examine the structure of the cost model; how costs are distributed among the various service categories; and calibration protocols.

The third step was to evaluate the strengths and weaknesses of the current methodology.

PI's cost allocation model structure, calibration and application procedures were assessed in five categories. These are:

- Structure;
- Comprehensiveness;
- Calibration Procedure;
- Calibration Frequency; and
- Application Procedure.

The assessment indicates that PI's cost allocation, calibration and application methodology has many strengths and is well suited for this purpose under steady state condition. No weaknesses were identified in four of the five assessment categories. The only weakness identified was in the Calibration Frequency category. Subsequent to the identification of this weakness, PI began conducting a more frequent review of the calibration.

Since the allocation methodology appears to be sound, reductions in allocated costs will have to be sought through reductions in administrative personnel, wages and benefits, and other economies similar to those being considered by RT.

## Funding and Enhancement Strategies

There are five areas through which RT can seek to achieve some cost reductions and performance improvements. These are:

- Funding Amounts – RT has less funding available in FY 2010 to provide services it operates in the Sacramento region. It is reasonable to assume that all modes will operate proportionately reduced level of service. Therefore, RT's contribution to operating Type I ADA service also needs to be reduced. Another area in which costs could be contained or reduced includes mobility training. In FY 2009, RT contributed \$100,000 for mobility training. Due to budget constraints, RT has eliminated the mobility training program for FY 2010. In the future RT may consider paying for mobility training based on a rate of \$1,500 per person trained, the estimated contribution for training 50 persons would drop to approximately \$75,000, a savings of \$25,000 as compared to the FY 2009 contribution of \$100,000.
- Performance Indicators and Levels – Improving performance in one or more of certain indicators could potentially result in cost savings over time; thereby increasing cost efficiency and service effectiveness. Revisions to performance targets and measures are proposed for the following indicators:
  - Trips Provided per Vehicle Service Hour

- Percentage of Subscription Trips
  - Percentage of ADA Capacity Denials
  - Percentage of No Shows
  - On-time Performance
  - On-Board Trip Times
- Provisions of the Collaborative Agreement – RT should consider modifying the current Collaborative Agreement to incorporate all of the following provisions.

Provision	Article No.	Proposed Change
Governance Structure	New Article	RT should have the ability to appoint majority of the PI's board members.
Eligibility Determination Process	Modify Articles 8A and 8B	RT may discontinue processing eligibility applications for non-ADA service (e.g., Type II).
Data Reports	Modify Article 7C(7)	Increase the number of special reports to be received as well as change the definition of simple report from 8 to 16 hours.
Data Sharing and On-Line Access	Modify Article 9D	Establish data sharing capabilities and on-line access to operating activities. RT also expects both RT and PI to use the same scheduling package to further facilitate data sharing activities.
Complaints	New Article	RT needs to receive all ADA CPS related complaints directly from the passengers. The complaint process, telephone number, website address etc. needs to be modified accordingly. RT will forward the complaints to PI for follow-up actions and respond to the complaints.
Driver Manifests	Add to Article 7C	RT needs to receive electronic copies of the driver manifests, for Demand Response service, for the 2nd and 4th Wednesday of each month.
Late Trips	Add to Article 7C	RT needs to receive electronic copies of the late trip reports for the 2nd and 4th Wednesday of each month. These reports will include the reasons for each late trip.
Accident Reporting	Add to Article 7C	RT needs to receive electronic copies of all accident reports.
Preventive Maintenance	Add to Article 12	RT needs to receive electronic copies of monthly preventive maintenance reports.
No Compete in RT Region	New Article	It is expected that PI will not compete with RT for contract services in the Sacramento region, consistent with the provisions of PUC Section 99281.

- Demand Management – One of the strategies that RT should consider in its attempts to reduce the costs of ADA service is to manage the demand for this service. As discussed in the performance indicators section, there are a number of areas in which performance can be improved. These include:
  - Passenger Productivity
  - Conditional Eligibility
  - No Shows
  - Subscription Level

- Monthly Pass
  - Fare Increase
  - Bus Service Cuts
- Cost Containment – Cost containment is another strategy that RT should pursue with PI in its attempts to reduce the costs of ADA CPS. Two approaches to reducing the allocated costs are discussed below.
    - Cost per Vehicle Service Hour – Between FY2006 and FY2009 the allocated costs per vehicle service hour increased from \$64.77 to \$71.43, whereas the actual cost per vehicles service hour reported by PI increased from \$69.35 to \$76.41. Cost per vehicle service hour for both budgeted and actual peaked in FY2007 with costs of \$77.99 and \$77.22 per vehicle service hour, respectively. Overall, the trend in budgeted and actual cost per vehicle service hour has been upwards. RT’s cost containment strategy should include efforts that would reduce the allocated cost per vehicle service hour.
    - Passenger Trip Miles – The number of trips provided is a basic measure of service consumption. Since not all trips are of the same trip length, a better measure of consumption is the number of passenger trip miles. A comparison of allocation percentages for FY2010 Type I and Type II trips using these two consumption statistics is presented in Exhibit 17. As shown in this exhibit, allocation costs for Type I trips based on passenger trips miles would reduce the allocation percentage by more than four percentage points to 83.5 percent, a potential reduction of approximately \$500,000.

## Alternative Service Delivery Concepts

RT’s existing relationship with PI is only one way in which ADA CPS could be delivered in the Sacramento Region. As a matter of sound business strategy, RT could and should consider competitively contracting for ADA CPS, or to bring the operation of ADA CPS entirely within RT’s organization.

## Summary of Findings

This section summarizes the key findings from this review of PI’s cost allocation methodology; performance levels in the past four years; and provisions of the current Collaborative Agreement.

- Cost Allocation Methodology – PI’s cost allocation, calibration and application methodology has much strength and is well suited for this purpose under steady state condition. Since the allocation methodology appears to be sound, reductions in allocated costs will have to be sought through reductions

in administrative personnel, wages and benefits, and other economies similar to those being considered by RT.

- Performance Measures and Levels – A number of performance indicators for PI's Demand Response service were examined – trips provided per vehicle service hour, percentage of subscription trips, capacity denials, no shows, on-time performance and on-board trip time. Changes to standards and measures were proposed for improving performance which could potentially result in cost savings over time.
- Provisions of the Collaborative Agreement – ways to strengthen and improve RT's ability to obtain timely access to ADA CPS operational and performance information from PI were considered. Modifications to the current Collaborative Agreement provisions were proposed. The modifications included revisions to existing provisions as well as addition of new articles.
- Alternative Service Delivery Concepts – alternatives to the existing arrangement with PI were proposed. These included competitively contracting for ADA CPS, or bringing the operation of ADA CPS entirely within RT's organization.

## I. INTRODUCTION

As an operator of fixed-route transit services in the Sacramento region and a recipient of federal funds, the Sacramento Regional Transit District (RT) is responsible for the provision of complementary paratransit services (CPS) that meet the federal regulations promulgated under the Americans with Disabilities Act (ADA). To meet the requirements of ADA CPS, RT has entered into a Collaborative Agreement with Paratransit, Inc. (PI), the primary Consolidated Transportation Services Agency (CTSA) in the Sacramento region designated by the State of California via the Sacramento Area Council of Governments (SACOG). PI receives funding as the CTSA through a four party agreement between SACOG, the City of Sacramento, the County of Sacramento, and RT – providing that the CTSA, PI, is the direct recipient of Transportation Development Act (TDA) Article 4.5 funding and Measure A local sales tax revenue. PI also generates revenue through its Diversified Services as described later in this report.

In addition to providing ADA CPS for RT, PI also provides human service transportation and related services in the region under a variety of other programs. Since there is overlap among the programs operated by PI, many of the costs charged to these programs are allocated using a methodology developed by PI.

### I.A Objectives

The purpose of this study is to examine PI's cost allocation methodology particularly as it relates to the ADA CPS funded by RT and to assess adequacy of the provisions contained in the current Collaborative Agreement. The objectives of this study are listed below:

- To examine PI's cost allocation model and calibration methodology in order to identify its strengths and weaknesses;
- To develop alternative strategies to improve cost and performance characteristics of ADA service;
- To assist RT with development of new Collaborative Agreement; and
- To suggest alternative service delivery concepts for providing ADA CPS in the Sacramento region.

### I.B Report Organization

This report is organized into five sections. This Introduction is the first section. The remaining sections are:

- Cost Allocation Model Assessment
- Funding and Enhancement Strategies
- Alternative Service Delivery Concepts
- Summary of Findings

## II. COST ALLOCATION MODEL ASSESSMENT

The assessment of PI's cost allocation model was conducted in several steps. The first step was to examine PI's service delivery structure in order to understand how the services provided by PI are organized and how these influence the methodology for allocating costs. The second step was to examine the structure of the cost model; how costs are distributed among the various service categories; and calibration protocols. The third step was to evaluate the strengths and weaknesses of the current methodology. The results of the third step were used in subsequent stages of the study to develop alternative strategies to improve the cost and performance characteristics of ADA service funded by RT.

### II.A Service Delivery Structure

PI's service delivery structure consists of two broad categories of services – Demand Response (DR) and Diversified Services (DS). The individual services provided under these two categories are shown in Exhibit 1. The ADA CPS funded by RT is operated under the DR category.

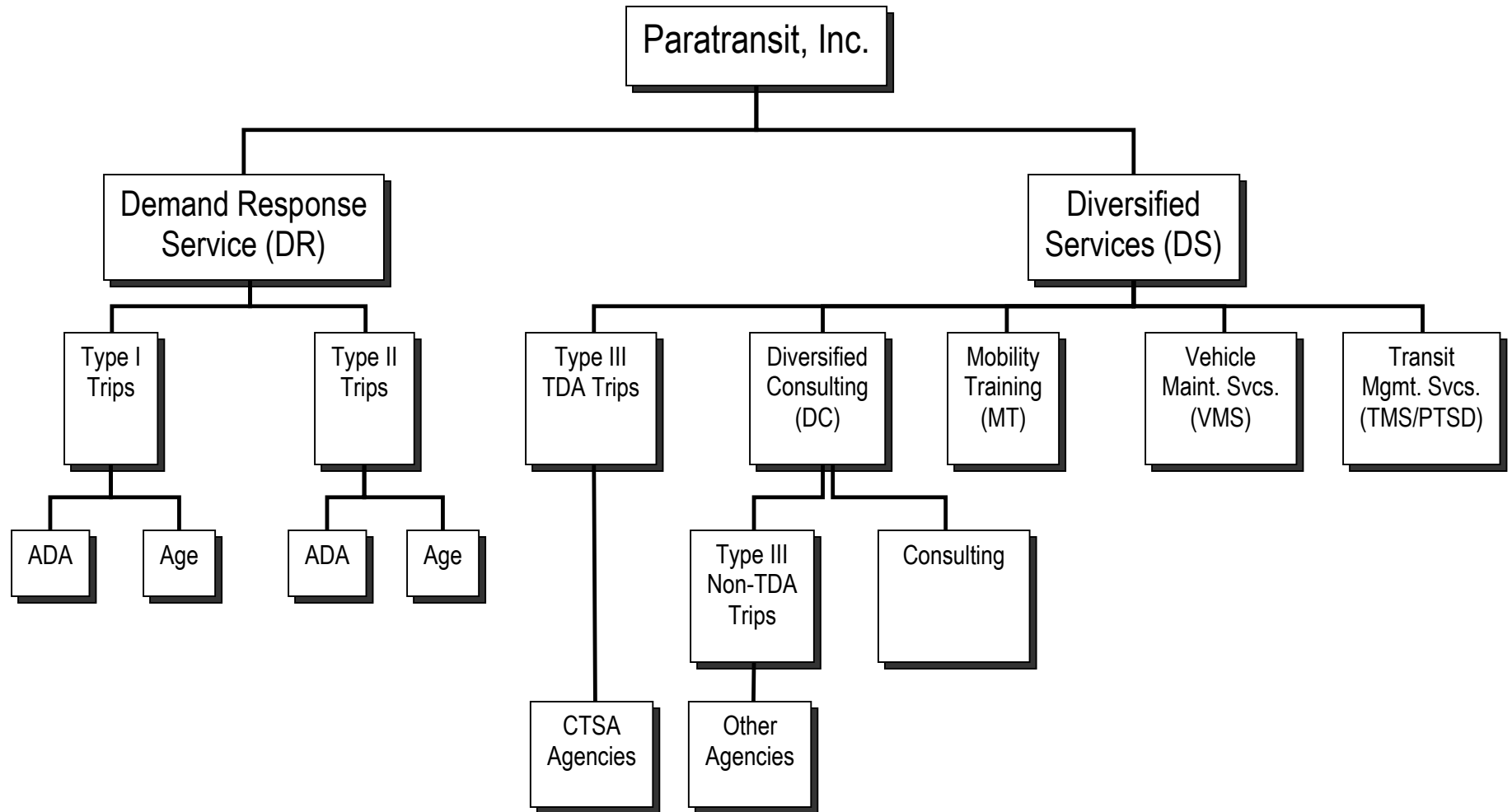
- Demand Response Service – these services include Type I and Type II trips, either of which may be provided based on a passenger's eligibility under ADA or by virtue of their age (75 years and older). Type I trips are those trips which have origins and destinations within  $\frac{3}{4}$  mile of RT fixed-route services. Type II trips are those trips provided within RT's service area boundary, but are not Type I trips.
- Diversified Services – includes a variety of services including trips provided through contracts with other providers (CTSA Operators), consulting, mobility training, vehicle maintenance services and transit management services.

Under ADA, RT is responsible for the ADA-eligible Type I trips. RT provides funding support for Type I trips through a Collaborative Agreement with PI.

### II.B Cost Allocation Model

PI's costs are allocated among its different programs using an allocation methodology. In this methodology costs are classified into one of three categories – allocated, direct or mixed. The cost classifications for personnel, fleet operations, and non-personnel related costs are illustrated in Exhibit 2. As shown in this exhibit, most of

**Exhibit 1: Types of Services Provided by PI**





the costs fall under the Allocated category. Few costs fall under the Direct category and even fewer fall under the Mixed category.

### Exhibit 2: Allocation Categories

	Allocated	Direct	Mixed
<b>Personnel</b>	<ul style="list-style-type: none"> <li>• Vehicle Operators</li> <li>• Training Center</li> <li>• Call Center</li> <li>• Administration</li> <li>• Information Systems</li> <li>• Maintenance Operations</li> <li>• Planning &amp; Transit</li> <li>• Dispatch Center</li> </ul>	<ul style="list-style-type: none"> <li>• Mobility Training</li> <li>• Customer Service</li> <li>• Innovative Paradigms</li> </ul>	<ul style="list-style-type: none"> <li>• Fringe Benefits</li> <li>• Workers' Compensation</li> </ul>
<b>Fleet Operations</b>	<ul style="list-style-type: none"> <li>• Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel</li> <li>• Cost of Parts &amp; Sublet Service</li> </ul>	
<b>Non-Personnel</b>	<ul style="list-style-type: none"> <li>• Outside Services</li> <li>• Facility Rent/Repair</li> <li>• Office Expense</li> <li>• Interest Expense</li> <li>• Telephone/Utilities</li> <li>• Tax/License/Dues/Permits</li> <li>• Professional Development</li> </ul>	<ul style="list-style-type: none"> <li>• Brokered Trans. Services</li> </ul>	<ul style="list-style-type: none"> <li>• Professional Services</li> <li>• Travel</li> </ul>

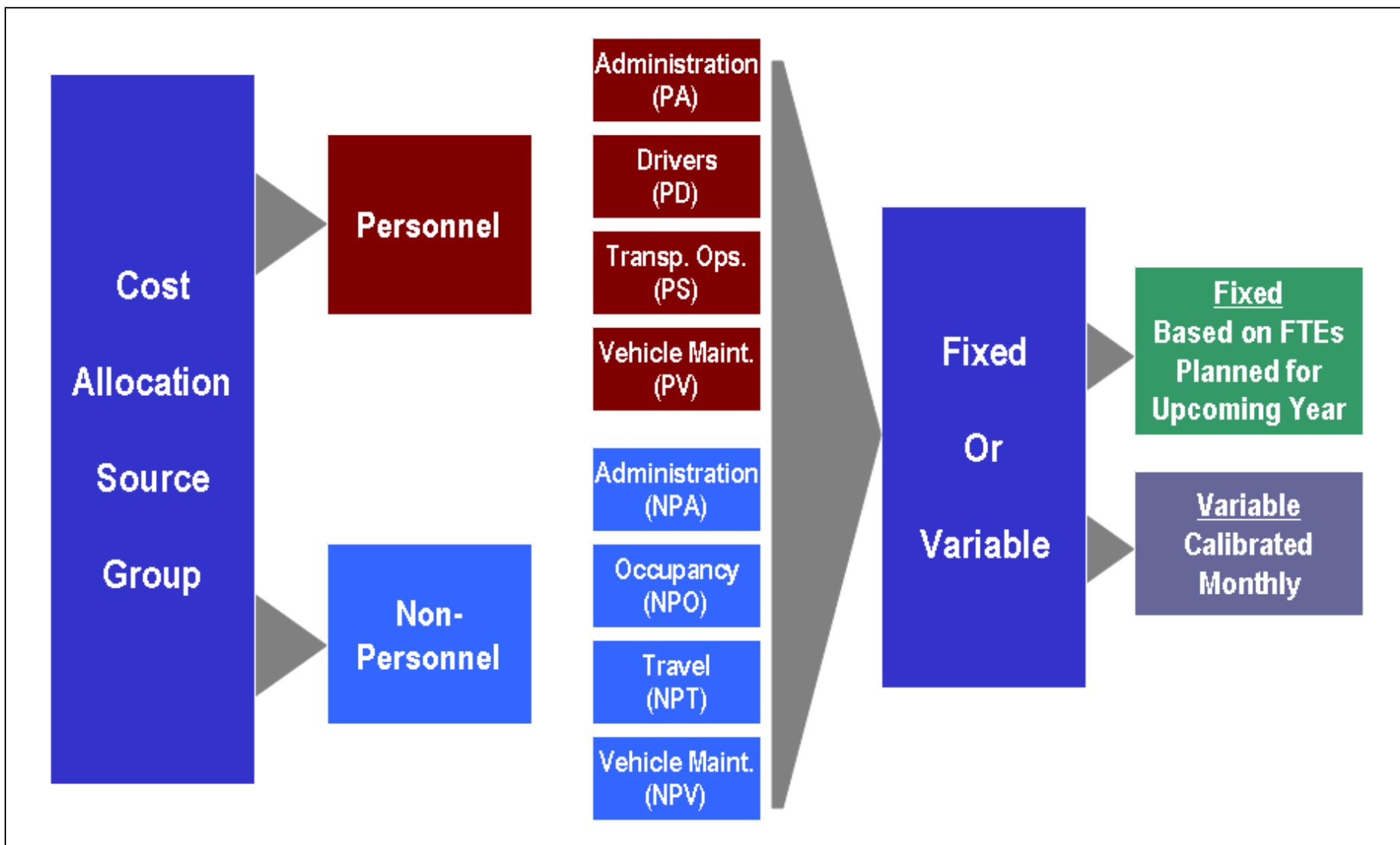
The distribution of PI's operating costs for FY2008 into the allocation categories is presented in Exhibit 3. As shown in this exhibit, nearly 73 percent of PI's operating costs go towards provision of Demand Response services. The remaining 27 percent are distributed among the programs under Diversified Services.

The methodology for allocating costs is illustrated in Exhibit 4. This exhibit the cost allocation source groups – personnel and non-personnel – and how these are broken down into categories. Fixed or variable allocation percentages are developed for the individual source group categories. The allocation percentages are based on various factors including employee full-time equivalents (FTEs), labor hours, direct expenses, and office space, as shown in Exhibit 5. The details of the different allocation percentages are presented in Appendix A of this report.

**Exhibit 3: Distribution of FY2008 Operating Costs**

	DR	CTSA	MT	DC	VMS	TMS/PTSD	TOTAL
<b>Personnel</b>							
Allocated	\$6,589,458	\$977,183	\$179,756	\$271,240	\$262,382	\$49,641	\$8,329,662
Direct	\$144,112	\$0	\$400,980	\$160,345	\$0	\$0	\$705,437
Mixed	\$2,643,785	\$407,142	\$285,728	\$136,388	\$123,537	\$22,527	\$3,619,107
Subtotal	\$9,377,355	\$1,384,325	\$866,464	\$567,974	\$385,919	\$72,169	\$12,654,206
<b>Fleet Operations</b>							
Allocated	\$253,569	\$106,951	\$16,243	\$11,036	\$16,375	\$7,485	\$411,660
Direct	\$1,758,569	\$502,051	\$0	\$151,658	\$678,821	\$0	\$3,091,099
Mixed	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$2,012,138	\$609,002	\$16,243	\$162,694	\$695,195	\$7,485	\$3,502,758
<b>Non-Personnel</b>							
Allocated	\$846,537	\$130,495	\$59,404	\$48,343	\$98,990	\$178,006	\$1,361,775
Direct	\$2,233,371	\$38,355	\$0	\$8,545	\$0	\$0	\$2,280,270
Mixed	\$262,249	\$36,492	\$49,524	\$101,287	\$13,250	\$46,306	\$509,108
Subtotal	\$3,342,156	\$205,343	\$108,929	\$158,175	\$112,240	\$224,311	\$4,151,154
<b>TOTAL</b>	<b>\$14,731,650</b>	<b>\$2,198,670</b>	<b>\$991,636</b>	<b>\$888,843</b>	<b>\$1,193,354</b>	<b>\$303,965</b>	<b>\$20,308,118</b>
% of Total	72.5%	10.8%	4.9%	4.4%	5.9%	1.5%	100.0%

**Exhibit 4: Cost Allocation Methodology**



**Exhibit 5: Summary of Allocation Details**

Source Group	Description	DR	CTSA	MT	DC	VMS	TMS/ PTSD	Total	Allocation Basis
PA	Personnel Administration	74.97%	10.96%	5.02%	3.05%	3.82%	2.18%	100.00%	Based on Non-Admin FTEs (Appendix A1)
PD	Personnel Drivers	86.17%	8.94%	0.00%	4.89%	0.00%	0.00%	100.00%	Based on FTEs required by Service Mode (Appendix A2)
PS	Personnel Transportation Operations	86.17%	12.83%	0.00%	1.00%	0.00%	0.00%	100.00%	Based on FTEs required by Service Mode (Appendix A2)
PV	Personnel Vehicle Maintenance	48.88%	16.50%	0.00%	3.36%	31.26%	0.00%	100.00%	Based on PY mean allocation of direct maintenance labor hours (Appendix A3)
NPA	Non-Personnel Administration	74.97%	10.96%	5.02%	3.05%	3.82%	2.18%	100.00%	Based on Non-Admin FTEs (Appendix A1)
NPO	Non-Personnel Occupancy	63.42%	13.95%	2.61%	3.26%	15.63%	1.13%	100.00%	Two step: (1) Florin office split per sq ft into maint and trans ops. (2) Maint occupancy cost spread via direct labor hours, trans occ cost spread via non-Admin FTEs (Appendix A4)
NPT	Non-Personnel Travel	60.22%	8.80%	23.71%	2.45%	3.07%	1.75%	100.00%	Two step: (1) Direct travel training mileage projection (in FY08 it was 19.8%), (2) the balance of projected travel cost allocation per Non-admin FTEs (Appendix A1)
NPV	Non-Personnel Vehicle Maintenance	48.88%	16.50%	0.00%	3.36%	31.26%	0.00%	100.00%	Based on PY mean allocation of direct maintenance labor hours (Appendix A3)

## II.C Comparison of Planned versus Actual FTEs

Since the cost allocation methodology relies on the estimate of budgeted FTEs, one way to examine the reasonableness of the allocations is to compare the planned versus actual FTEs. Although this does not indicate the level of accuracy of the methodology, it provides a “reality check” in terms of application of the methodology. The planned versus actual FTEs for FY2007 are presented in Exhibit 6. This exhibit shows that despite some variation in the service categories, the planned versus actual number of FTEs is fairly consistent.

**Exhibit 6: FY2007 Planned versus Actual FTEs**

	DR	CTSA	DS	MT	VMS	TMS/ PTSD	Total
<b>Planned</b>							
FTEs	168.4	23.8	6.8	10.8	6.8	2.5	219
Admin Allocation	76.8%	10.9%	3.1%	4.9%	3.1%	1.2%	100.0%
<b>Actual</b>							
FTEs	167.8	21.9	7.6	11.7	8.1	2.0	219
Admin Allocation	76.6%	10.0%	3.5%	5.3%	3.7%	0.9%	100.0%
% Difference	-0.4%	-7.9%	12.0%	8.1%	19.5%	-21.0%	0.0%

## II.D Strengths and Weaknesses

PI’s cost allocation model structure, calibration and application procedures were assessed in five categories as summarized in Exhibit 7. These are:

- Structure;
- Comprehensiveness;
- Calibration Procedure;
- Calibration Frequency; and
- Application Procedure.

The assessment indicates that PI’s cost allocation, calibration and application methodology has many strengths and is well suited for this purpose under steady state condition. No weaknesses were identified in four of the five assessment categories. The only weakness identified was in the Calibration Frequency category (see Exhibit 7). Subsequent to the identification of this weakness, PI conducted a review of the calibration and feels that the current frequency of review is sufficient.

Since the allocation methodology appears to be sound, reductions in allocated costs will have to be sought through reductions in administrative personnel, wages and benefits, and other economies similar to those being considered by RT.

### Exhibit 7: Summary of Strengths and Weaknesses

Assessment Category	Definition of Category	Strengths	Weaknesses
Structure	Logical and systematic grouping of all types and categories of expenses.	Includes personnel and non-personnel expense categories; direct and indirect expense categories; and all applicable services and business units	None
Comprehensiveness	Inclusion of all operating expenses.	Includes all types of operating expenses: Personnel, Fleet Operations and Non Personnel	None
Calibration Procedure	Methodology for calculating allocation factors.	Previous year's actual FTEs are used for fixed accounts and monthly experience is used for variable accounts	None
Calibration Frequency	Frequency for calculating allocation factors.	Fixed allocation factors are updated at the beginning of the fiscal year; and variable allocation factors are updated monthly	Fixed allocation factors can be reviewed more frequently, either quarterly or semi annually to determine if updates are needed
Application Procedure	Procedures for applying allocation factors systematically and periodically to determine operating expenses by service type and business unit.	Both fixed and variable allocation factors are applied to each account in the source group consistently and systematically	None

### III. FUNDING AND ENHANCEMENT STRATEGIES

As discussed in Section II.C, the reductions sought by RT in allocated costs for ADA CPS will need to be pursued through reductions in personnel, wages, benefits and other economies. Since review of PI's personnel staffing levels, wages and benefits is beyond the scope of this review, this section focuses on other strategies to incorporate in the renewal of the current Collaborative Agreement. There are five areas through which RT can seek to achieve some cost reductions and performance improvements. These are:

- Funding Amounts;
- Performance Indicators and Levels;
- Provisions of the Collaborative Agreement;
- Demand Management; and
- Cost Containment.

The suggested strategies to achieve cost savings and performance improvements through each of these areas are discussed in more detail in the following sections.

#### III.A Funding Amounts

The amount of RT's total contribution to PI includes funding for Type I ADA trips provided by PI; transporting ADA applicants; and for mobility training. The breakdown of RT's total contribution is presented in Exhibit 8.

**Exhibit 8: FY2009 RT Funding Details**

	<b>Amount</b>
RT ADA Service	\$11,846,520
Transport of Applicants	\$12,000
Mobility Training	\$100,000
Total	\$11,958,520

RT has less funding available in FY 2010 to provide services it operates in the Sacramento region. It is reasonable to assume that all modes will operate proportionately reduced level of service. Therefore, RT's contribution to operating Type I ADA service also needs to be reduced. This can be done as percentage of cut across all the modes, say X percent, or specified as reduction in level of funding, for example \$700,000.

Another area in which costs could be contained or reduced includes mobility training. In FY 2009, RT contributed \$100,000 for mobility training. Due to budget

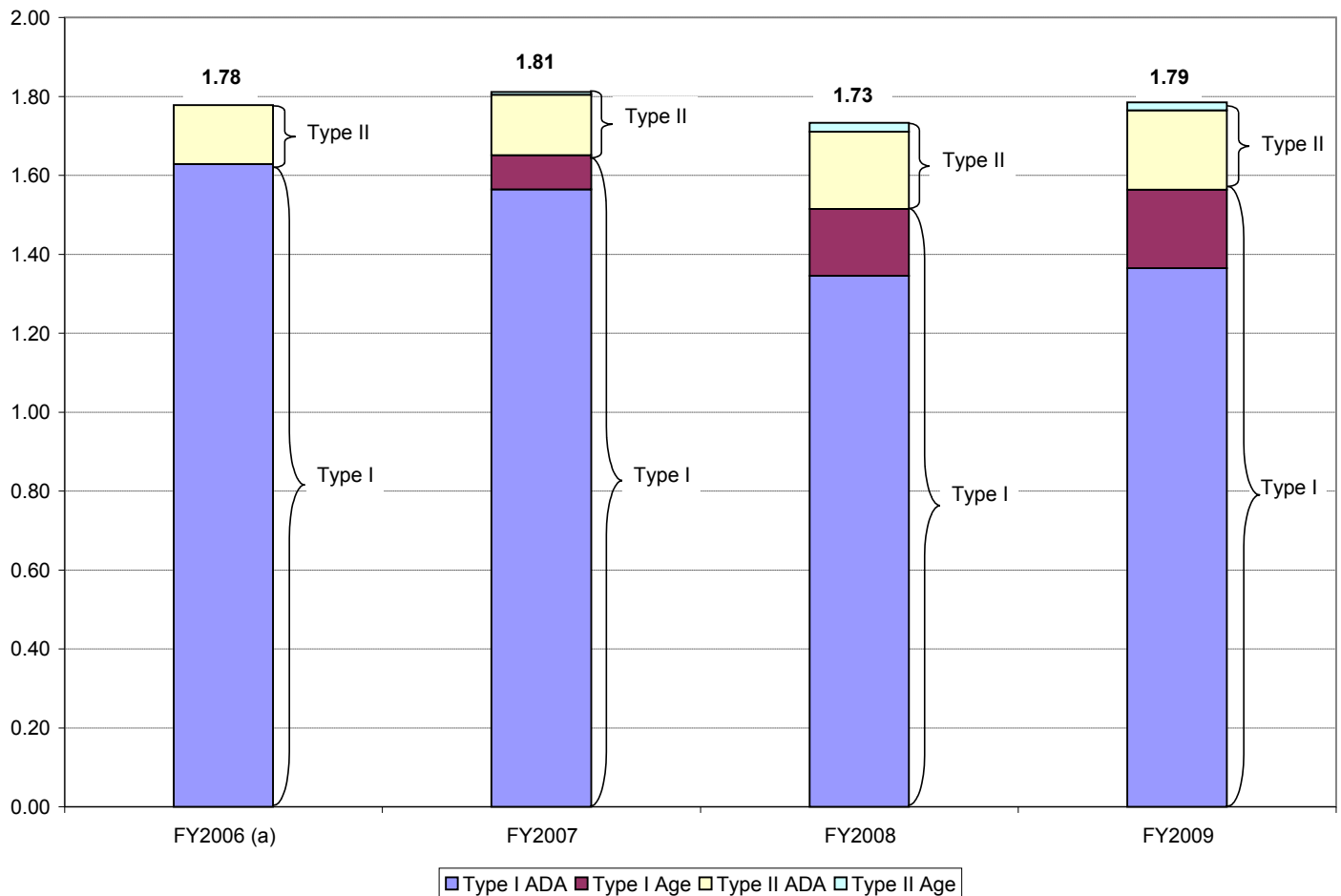
constraints, RT has eliminated the mobility training program for FY 2010. In the future RT may consider paying for mobility training based on a rate of \$1,500 per person trained, the estimated contribution for training 50 persons would drop to approximately \$75,000, a savings of \$25,000 as compared to the FY 2009 contribution of \$100,000.

### III.B Performance Indicators and Levels

A number of performance indicators for PI's Demand Response service are discussed in this section. Improving performance in one or more of these indicators could potentially result in cost savings over time; thereby increasing cost efficiency and service effectiveness.

#### III.B.1 – Trips Provided per Vehicle Service Hour

**Exhibit 9: Trend in Trips Provided per Vehicle Service Hour**



(a) Data is not disaggregated by ADA and Age.



**Exhibit 9: Trend in Trips Provided per Vehicle Service Hour, *continued***

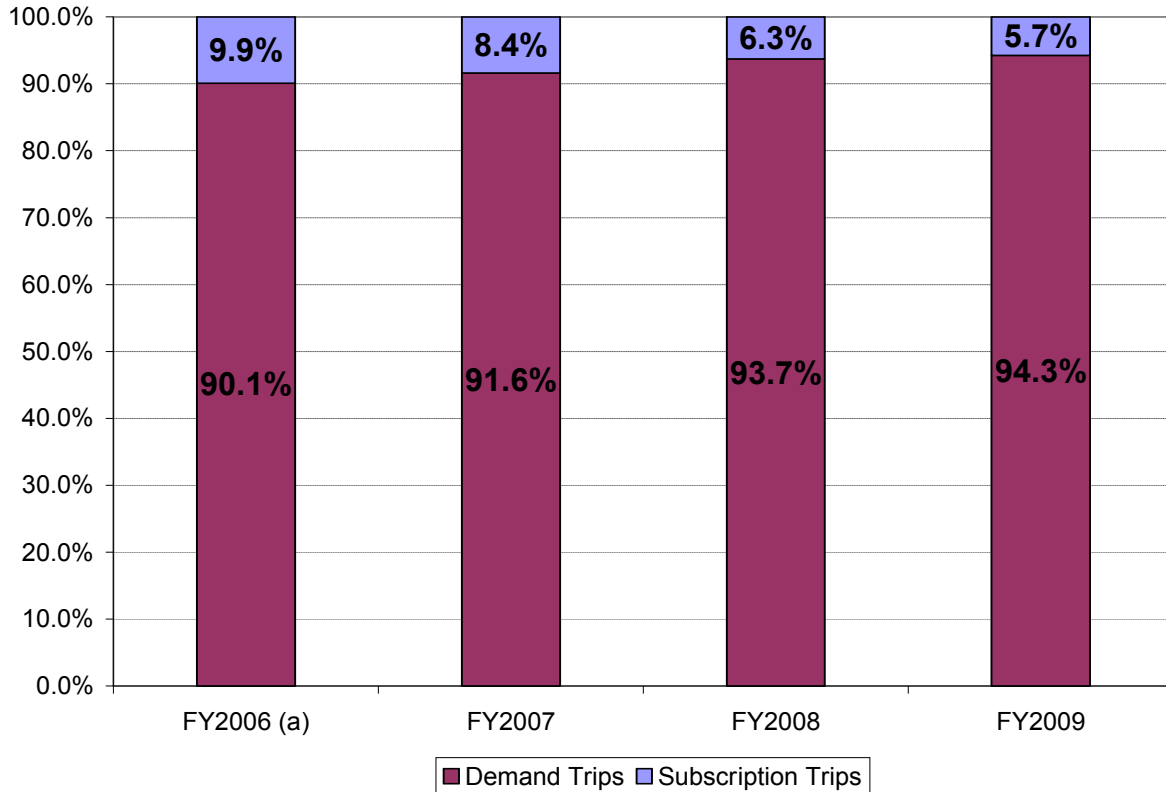
	<b>FY2006 (a)</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>
<b>Type I Trips Provided</b>				
ADA Eligible	(a)	267,158	256,695	268,324
Age Eligible	(a)	14,755	32,279	39,150
Subtotal (Type I)	266,514	281,913	288,974	307,474
<b>Type II Trips Provided</b>				
ADA Eligible	(a)	26,176	37,392	39,547
Age Eligible	(a)	1,130	4,250	3,936
Subtotal (Type II)	25,106	27,306	41,642	43,483
<b>Total Type I and II Trips</b>	291,620	309,219	330,616	350,957
Vehicle Service Hours (VSH)	163,660	170,733	190,772	196,583
<b>Type I Trips per VSH</b>				
ADA Eligible		1.56	1.35	1.36
% Change	--	--	-14.0%	1.4%
Age Eligible		0.09	0.17	0.20
% Change	--	--	95.8%	17.7%
Subtotal (Type I)	1.63	1.65	1.51	1.56
% Change	--	1.4%	-8.3%	3.3%
<b>Type II Trips per VSH</b>				
ADA Eligible		0.15	0.20	0.20
% Change	--	--	27.8%	2.6%
Age Eligible		0.01	0.02	0.02
% Change	--	--	236.6%	-10.1%
Subtotal (Type II)	0.15	0.16	0.22	0.22
% Change	--	4.3%	36.5%	1.3%
<b>Total Type I and II Trips per VSH</b>	1.78	1.81	1.73	1.79
% Change	--	1.6%	-4.3%	3.0%

(a) Data is not disaggregated by ADA and Age.

- **Current Performance Level:** As shown in Exhibit 9, the trend in this indicator for all Type I trips has declined from 1.63 in FY2006 to 1.56 in FY2009 indicating that PI's service has become less efficient. This trend is even more pronounced for ADA eligible trips, where productivity declined by approximately 14 percent. Overall productivity has remained steady due to the increasing productivity of Type II trips. It should be noted that this indicator is calculated on the basis of vehicle service hours for all trips (Type I and II) since individual trips are delivered as shared rides on PI's vehicles. Attempting to allocate vehicle service hours by trips provided would result in overestimating, or underestimating the productivity of the different types of trips.
- **Proposed Standard/Measure:** This declining passenger productivity, Trips Provided per VSH, is a matter of concern due to its impact on cost of providing ADA CPS to Type I trips. RT should consider an improvement target for this measure. A target for this measure can be expressed as a percentage improvement, say 10 percent.

III.B.2 – Subscription Trips

**Exhibit 10: Trend in Percentage of Subscription Trips**



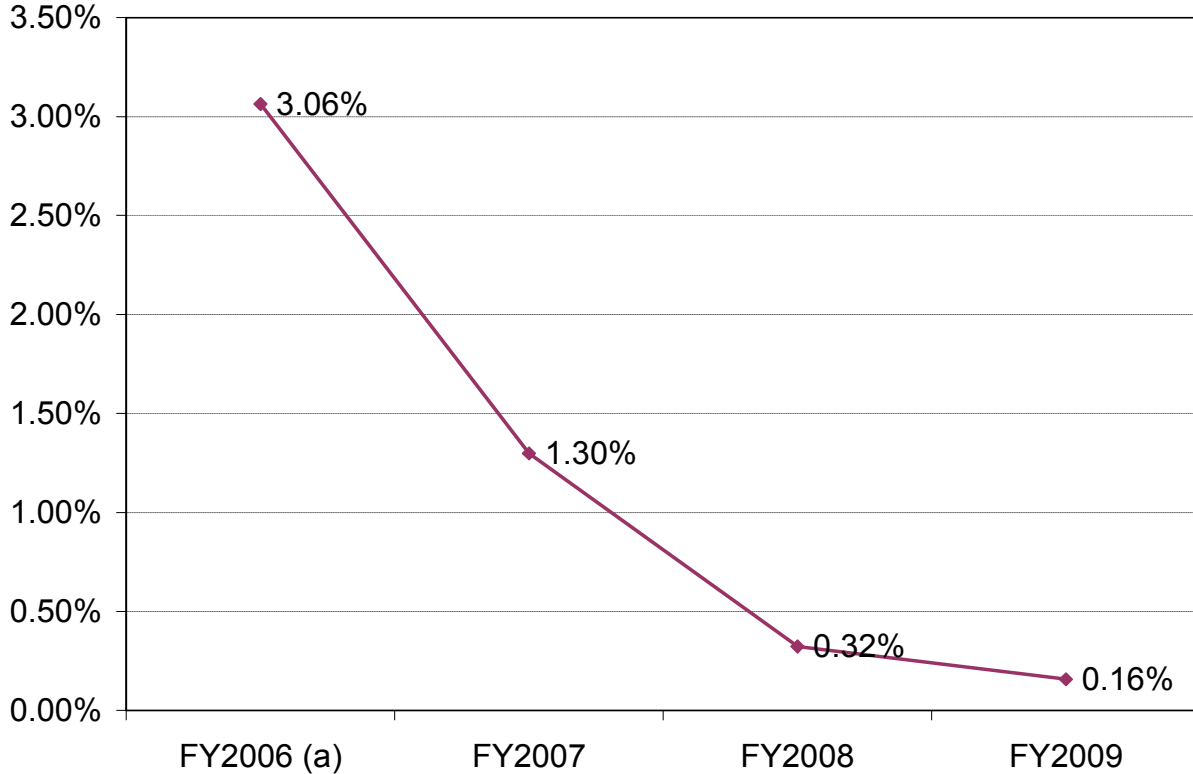
	FY2006 (a)	FY2007	FY2008	FY2009
Subscription Trips Provided	26,385	23,667	18,124	17,656
<i>% of Total</i>	9.9%	8.4%	6.3%	5.7%
Demand Trips Provided	240,129	258,246	270,850	289,818
<i>% of Total</i>	90.1%	91.6%	93.7%	94.3%

(a) Data is for all Type I Trips

- **Current Performance Level:** as shown in Exhibit 10, the percentage of subscription trips has dropped from 9.9 percent in FY2006 to 5.8 percent in FY2009. An increase in the percentage of subscription trips would allow PI to improve scheduling and service efficiency (trips per vehicle service hour).
- **Proposed Standard/Measure:** While PI has had success in grouping trips and moving them over to the CTSA service, continuing to examine reservations in order to identify potential subscription trips will further enhance productivity and scheduling efficiency, as well as reduce the number of daily reservation calls received. RT should consider establishing periodic targets for increasing percentage of subscription trips up to the maximum of 50 percent.

III.B.3 – Capacity Denials

**Exhibit 11: Trend in Capacity Denials**



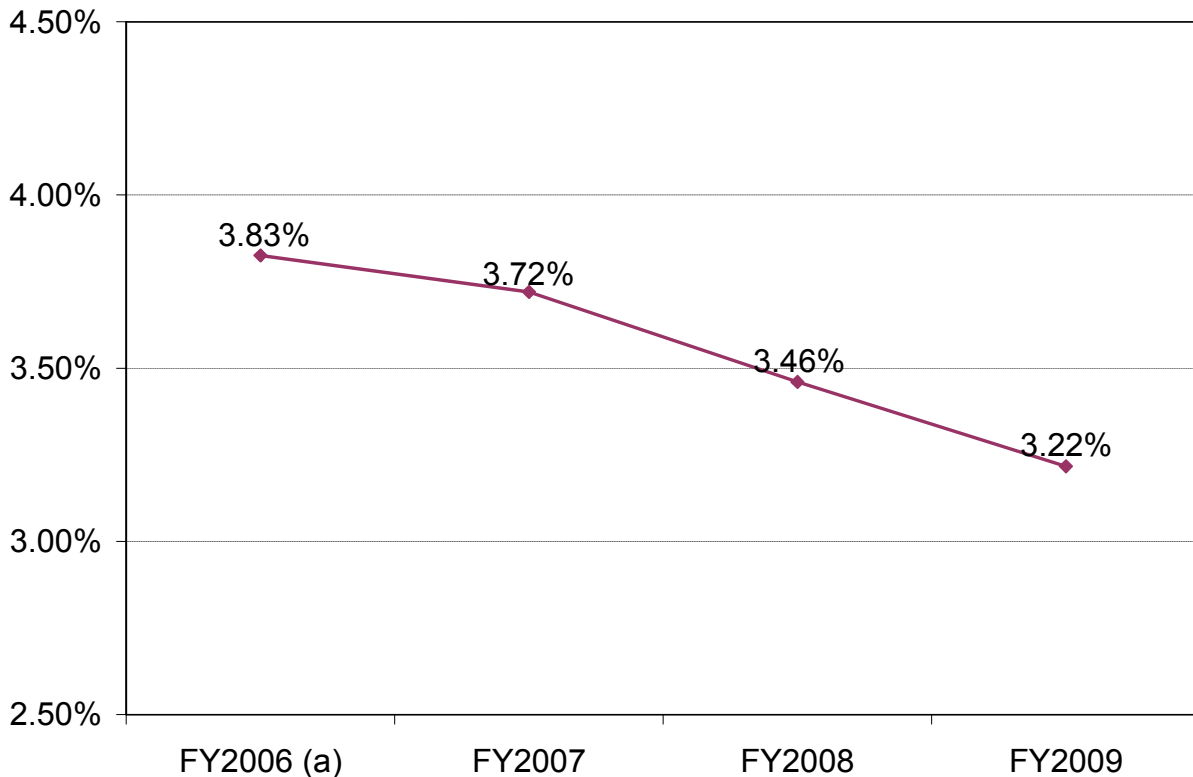
	FY2006 (a)	FY2007	FY2008	FY2009
ADA Eligible Capacity Denials	11,173	4,684	1,123	568
% of Trips Requested	3.06%	1.30%	0.32%	0.16%

(a) Data is for all Type I Trips

- **Current Performance Level:** as shown in Exhibit 11, the trend in performance for capacity denials has declined from 3.06 percent to 0.15 percent.
- **Proposed Standard/Measure:** although performance for capacity denials has improved substantially, the target of performance should be zero capacity denials. This was one of the findings in a recent Triennial Review of RT completed in May 2009. RT and PI have implemented a zero denial policy effective July 1, 2009.

III.B.4 – No Shows

Exhibit 12: Trend in No Shows



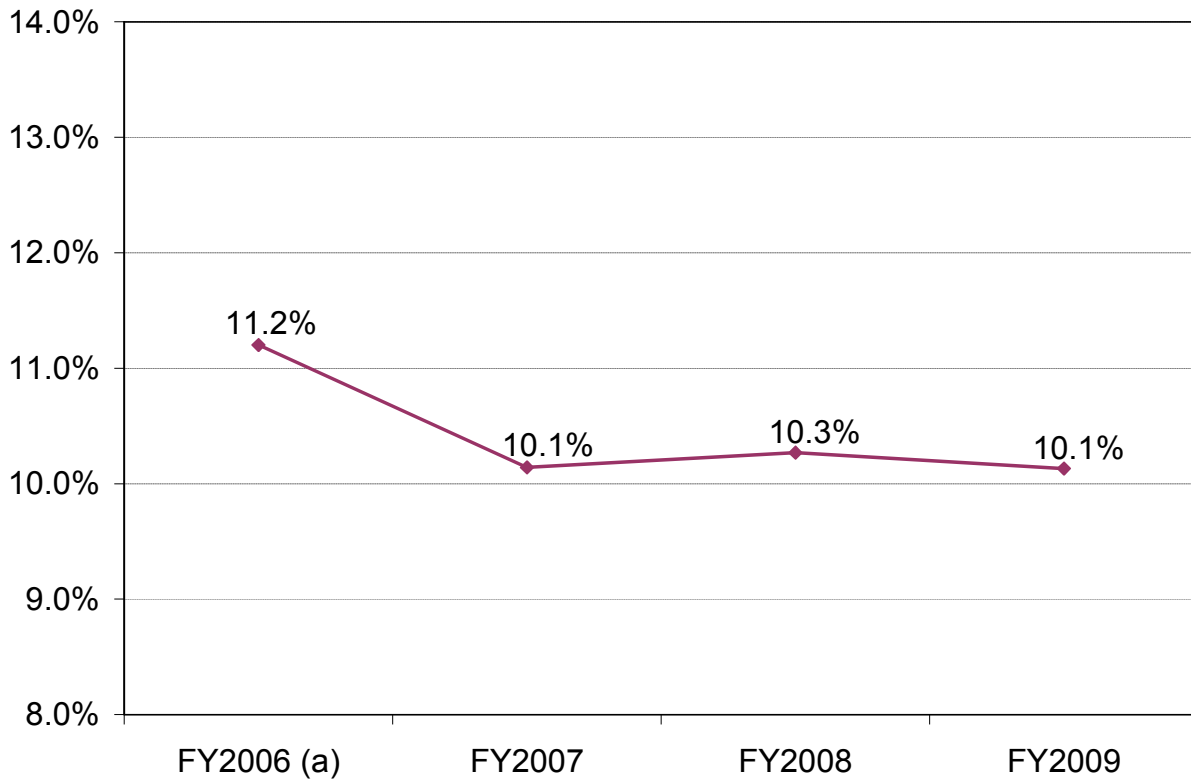
	FY2006 (a)	FY2007	FY2008	FY2009
ADA Eligible No Shows	13,511	13,240	11,991	11,578
% of ADA Trips Scheduled	3.83%	3.72%	3.46%	3.22%

(a) Data is for all Type I Trips

- **Current Performance Level:** as shown in Exhibit 12, the number of no shows has remained steady between FY2006 and FY2009. No shows result in lost productivity and have a detrimental impact on operational efficiency.
- **Proposed Standard/Measure:** Stricter enforcement of RT's No Show policy and continued reduction in the number of No Shows is essential to improve passenger productivity and cost efficiency. RT needs to develop and implement strategies to continue to reduce the number of No Shows.

III.B. 5 – On-Time Performance

**Exhibit 13: Trend in On-Time Performance**



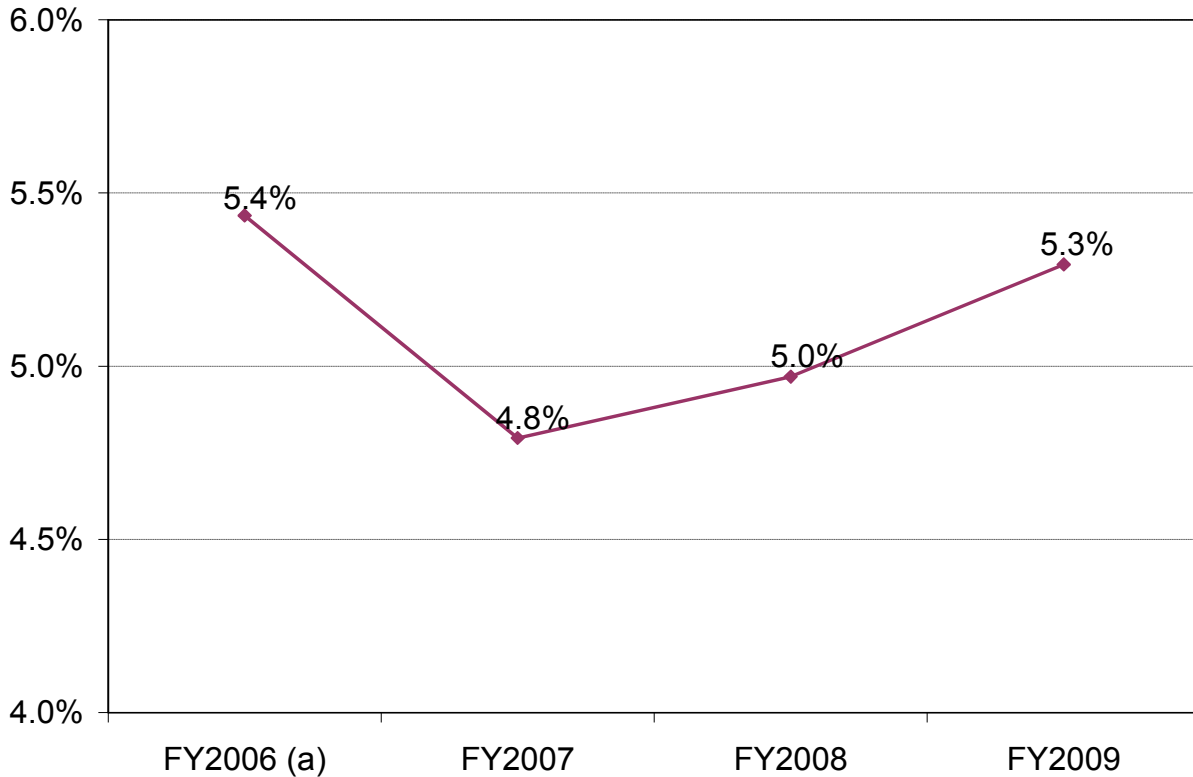
	FY2006 (a)	FY2007	FY2008	FY2009
Zero to 30 minutes	193,881	192,168	186,452	199,451
31 minutes or later	24,453	21,684	21,336	22,483
% stops 31 minutes or later	11.2%	10.1%	10.3%	10.1%

(a) Data is for all Type I Trips

- **Current Performance Level:** as shown in Exhibit 13, the percentage of late stops has remained at approximately 10 percent.
- **Proposed Standard/Measure:** Consider establishing a target of 95 percent on-time to improve performance level.

III.B.6 – On-Board Trip Times

**Exhibit 14: Trend in On-Board Trip Times**



	FY2006 (a)	FY2007	FY2008	FY2009
61 minutes or longer	11,866	10,849	11,696	13,538
% stops 61 minutes or longer	5.4%	4.8%	5.0%	5.3%

(a) Data is for all Type I Trips

- **Current Performance Level:** as shown in Exhibit 14, currently, this is measured at 61 minutes or longer and has remained steady at approximately 5 percent.
- **Proposed Standard/Measure:** In order to improve RT’s ability to monitor performance under this measure, trip times should be examined for several ranges of trip lengths (i.e., 30 minutes or less, 31 to 60 minutes, 61 to 90 minutes, and 91 minutes or longer).

The proposed changes to PI’s standards and measures that are discussed above are summarized in Exhibit 15. The exhibit shows a template for FY2010, which is based on PI’s existing Monthly Ridership and Performance report with the proposed changes highlighted.

**Exhibit 15: Proposed Changes to Performance Standards/Measures for FY2010**

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	FY09-10
<b>Trips Requested</b>													
<b>Type I Trips</b>													
ADA Eligible													
Age Eligible													
Total Trips Requested													
<b>Type II Trips</b>													
ADA Eligible													
Age Eligible													
Total Trips Requested													
<b>Trips Scheduled</b>													
<b>Type I Trips</b>													
ADA Eligible													
Age Eligible													
Total Trips Scheduled													
<b>Type II Trips</b>													
ADA Eligible													
Age Eligible													
Total Trips Scheduled													
<b>Trips Provided</b>													
<b>Type I Trips</b>													
ADA Eligible													
Age Eligible													
Total Trips Provided													
<b>Type II Trips</b>													
ADA Eligible													
Age Eligible													
Total Trips Provided													
<b>Stops Scheduled</b>													
<b>Type I Trips</b>													
ADA Eligible													
Age Eligible													
Total Stops Scheduled													
<b>Type II Trips</b>													
ADA Eligible													
Age Eligible													
Total Stops Scheduled													

**Exhibit 15: Proposed Changes to Performance Standards/Measures for FY2010, *continued***

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	FY09-10
<b>Stops Provided</b>													
<b>Type I Trips</b>													
ADA Eligible													
Age Eligible													
Total Stops Provided													
<b>Type II Trips</b>													
ADA Eligible													
Age Eligible													
Total Stops Provided													
<b>Service Level Operated</b>													
Total Vehicle Hours (TVH)													
Vehicle Service Hours (VSH)													
Total Vehicle Miles (TVM)													
Vehicle Service Miles (VSM)													
<b>Trips Provided per VSH</b>													
<b>Type I Trips</b>													
ADA Eligible													
Age Eligible													
Total Trips Provided													
<b>Type II Trips</b>													
ADA Eligible													
Age Eligible													
Total Trips Provided													
<b>Reservation Attributes Type I Trips</b>													
Subscription Trips													
Trips Scheduled													
Trips Provided													
Percent Provided vs. Scheduled													
Demand Trips													
Trips Scheduled													
Trips Provided													
Percent Provided vs. Scheduled													



**Exhibit 15: Proposed Changes to Performance Standards/Measures for FY2010, *continued***

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	FY09-10
<b>Reservation Attributes Type II Trips</b>													
Subscription Trips													
Trips Scheduled													
Trips Provided													
Percent Provided vs. Scheduled													
Demand Trips													
Trips Scheduled													
Trips Provided													
Percent Provided vs. Scheduled													
<b>Capacity Denials</b>													
<b>Type I</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total Capacity Denials Percent													
<b>Type II</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total Capacity Denials Percent													
<b>Trips Withdrawn</b>													
<b>Type I</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total Trips Withdrawn Percent													
<b>Type II</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total Trips Withdrawn Percent													

**Exhibit 15: Proposed Changes to Performance Standards/Measures for FY2010, *continued***

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	FY09-10
<b>Timely Trip Cancellations</b>													
Type I Trips													
Percent													
Type II Trips													
Percent													
Total Timely Trip Cancellations													
Percent													
<b>Late Trip Cancellations</b>													
<b>Type I</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total Late Trip Cancellations													
Percent													
<b>Type II</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total Late Trip Cancellations													
Percent													
<b>No Shows</b>													
<b>Type I</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total No Shows Percent													
<b>Type II</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total No Shows Percent													

**Exhibit 15: Proposed Changes to Performance Standards/Measures for FY2010, *continued***


	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	FY09-10
<b>Missed Pickups</b>													
<b>Type I</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total Missed Pickups Percent													
<b>Type II</b>													
ADA Eligible													
Percent													
Age Eligible													
Percent													
Total Missed Pickups Percent													
<b>On-Time Performance (stops)</b>													
<b>Type I</b>													
ADA													
Early trips (stops before "pickup window")													
% stops early													
Zero minutes before to 30 minutes after													
% zero to 30													
31 minutes or later													
% stops 31 minutes or later													
Age													
Zero minutes before to 30 minutes after													
31 minutes or later													
% stops 31 minutes or later													
<b>Type II</b>													
ADA													
Zero minutes before to 30 minutes after													
% zero to 30													
31 minutes or later													
% stops 31 minutes or later													


**Exhibit 15: Proposed Changes to Performance Standards/Measures for FY2010, *continued***

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	FY09-10
Age Zero minutes before to 30 minutes after % zero to 30 31 minutes or later % stops 31 minutes or later													
<b>On-Board Trip Time (stops)</b> Type I Trips 30 minutes or less % stops 30 minutes or less 31 to 60 minutes % stops 31 to 60 minutes 61 to 90 minutes % stops 61 to 90 minutes 91 minutes or longer % stops 91 minutes or longer													
Type II Trips 61 minutes or longer % stops 61 minutes or longer													
<b>Lift-Assisted Boardings</b> Type I Trips Type II Trips Total													
<b>Reservation Telephone Hold Time per Call (avg # of minutes)</b> Peak Period (7:00 to 10:00 a.m.) Off-Peak Period Average													
<b>Reservation Telephone Calls Abandoned</b> Peak Period (7:00 to 10:00 a.m.) Off-Peak Period Average													

**Exhibit 15: Proposed Changes to Performance Standards/Measures for FY2010, *continued***

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	FY09-10
<b>Reservation Telephone Hold Time Per Call for Calls Abandoned (avg # of minutes)</b> Peak Period (7:00 to 10:00 a.m.) Off-Peak Period Average													
<b>Customer Service Attributes</b> Commendations per 1,000 Trips Scheduled Complaints per 1,000 Trips Scheduled													
Number of Complaints Received Number of Commendations Received													
<b>Service Reliability and Safety</b> Mean Distance Between Failure (MDBF) Accident Frequency (TVM per Accident) Preventable Accident Nonpreventable Accident													
<b>River Cats Service Data</b>													

 - Proposed change to existing standards/measures

 - Proposed addition to existing standards/measures

### III.C Provisions of Collaborative Agreement

This section discusses ways to strengthen and improve RT's ability to obtain timely access to ADA CPS operational and performance information from PI. RT should consider modifying the current Collaborative Agreement to incorporate all of the following provisions.

- Governance Structure (new Article) – RT provides a substantial proportion of PI annual operating expenses. Therefore, RT should have the ability to appoint the majority of PI's board members.
- Eligibility Determination Process (modify Articles 8A and 8B) – RT has decided to implement conditional/trip-by-trip eligibility for ADA CPS in the Sacramento Region. RT is not required to continue to process age and non ADA eligible applications. However, in its ADA plan update, RT commits to certifying persons age 75 or older under a simplified age-only based eligibility process. RT may discontinue processing eligibility applications for non-ADA service (e.g., Type II).
- Data Reports (modify Article 7C(7)) – Current agreement limits the number of special reports to be received by RT. There is a need to increase the number of special reports to be received as well as change the definition of simple report from 8 to 16 hours.
- Data Sharing and On-Line Access (modify Article 9D) – Currently RT staff does not have daily access to PI's scheduling, dispatching and service monitoring activities. There is a need to establish data sharing capabilities and on-line access to operating activities. RT also expects both RT and PI to use the same scheduling package to further facilitate data sharing activities.
- Complaints (new Article) – Currently, complaints are filed with PI. The information is then forwarded to RT. RT needs to receive all ADA CPS related complaints directly from the passengers. The complaint process, telephone number, website address etc. needs to be modified accordingly. RT will forward the complaints to PI for follow-up actions and respond to the complaints.
- Driver Manifests (add to Article 7C) – Until the on-line access to PI's database discussed above becomes available, RT needs to receive electronic copies of the driver manifests, for Demand Response service, for the 2<sup>nd</sup> and 4<sup>th</sup> Wednesday of each month.
- Late Trips (add to Article 7C) – Until the on-line access to PI's database discussed above becomes available, RT needs to receive electronic copies of the late trip reports for the 2<sup>nd</sup> and 4<sup>th</sup> Wednesday of each month. These reports will include the reasons for each late trip.

- Accident Reporting (add to Article 7C) – Until the on-line access to PI's database discussed above becomes available, RT needs to receive electronic copies of all accident reports.
- Preventive Maintenance (add to Article 12) – Until the on-line access to PI's database discussed above becomes available, RT needs to receive electronic copies of monthly preventive maintenance reports.
- No Compete in RT Region (new Article) – As mentioned above, RT provides a majority of the annual operating funding to PI, as well as most of the buses used to operate the Demand Response service. Therefore, it is expected that PI will not use RT provided resources to compete with RT for contract services in the Sacramento region, consistent with the provisions of PUC Section 99281.

### III.D Demand Management

One of the strategies that RT should consider in its attempts to reduce the costs of ADA service is to manage the demand for this service. As discussed in the performance indicators section, there are a number of areas in which performance can be improved. The following discussion highlights a number of areas in which RT could focus its efforts on managing demand.

- Passenger Productivity – as discussed previously, performance in this area has declined for Type I Trips during the past three years. This trend needs to be reversed in order to improve service efficiency.
- Conditional Eligibility – in order to limit the demand for ADA service, RT's policy of conditional/trip-by-trip eligibility will be enforced in early FY 2010. Under this policy, certain ADA passengers may be eligible for service under certain conditions (e.g., inclement weather, or specific origins and destinations). This may help reduce demand.
- No Shows – the percentage of no shows has been consistent over the past four years, which indicates that this may be a regular pattern of behavior among certain ADA passengers. RT implemented the enforcement of a strict no show policy in October 2009 that includes suspension of service in order to bring the level of no shows down.
- Subscription Level – according to ADA regulations, a transit provider may provide up to 50 percent of its trips on a subscription basis. Currently, RT's ADA service is well below that level. Examining scheduling patterns to determine if more trips could be handled on a subscription basis should continue to be pursued. If more trips could be scheduled on a subscription basis, then service efficiency and effectiveness could also be improved.

- Monthly Pass – currently, RT offers an unlimited ride monthly pass for \$100. Passengers can use the pass any number of times throughout the month. Since the pass is priced at a substantial discount, limiting its usage to certain hours of the day or for a certain number of trips per month would help reduce demand and also could assist in improving passenger productivity.
- Fare Increase – RT offers an unlimited ride monthly pass for \$100. With a per trip fare of \$4.50, the multiple of this Monthly Pass is a little more than 22 (i.e., a passenger need only take 22 one-way trips to break even). Raising the multiple on the ADA Monthly Pass would help reduce demand and also could assist in improving passenger productivity. It should be noted that the multiple for RT's fixed-route service is about 44. The RT Board recently adopted a fare increase, which raised the ADA single ride fare to \$5.00 and the ADA monthly pass price to \$125 (raising the multiple to 25). The Board did not approve limiting the number of rides that could be taken using the ADA monthly pass. The fare increase became effective on September 1, 2009.
- Bus Service Cuts – since the ADA CPS is based on the fixed-route service levels, reductions in bus service, which are currently being considered as cost saving measures by RT, also would result in reduced demand and potential cost savings for the ADA service.

### III.E Cost Containment

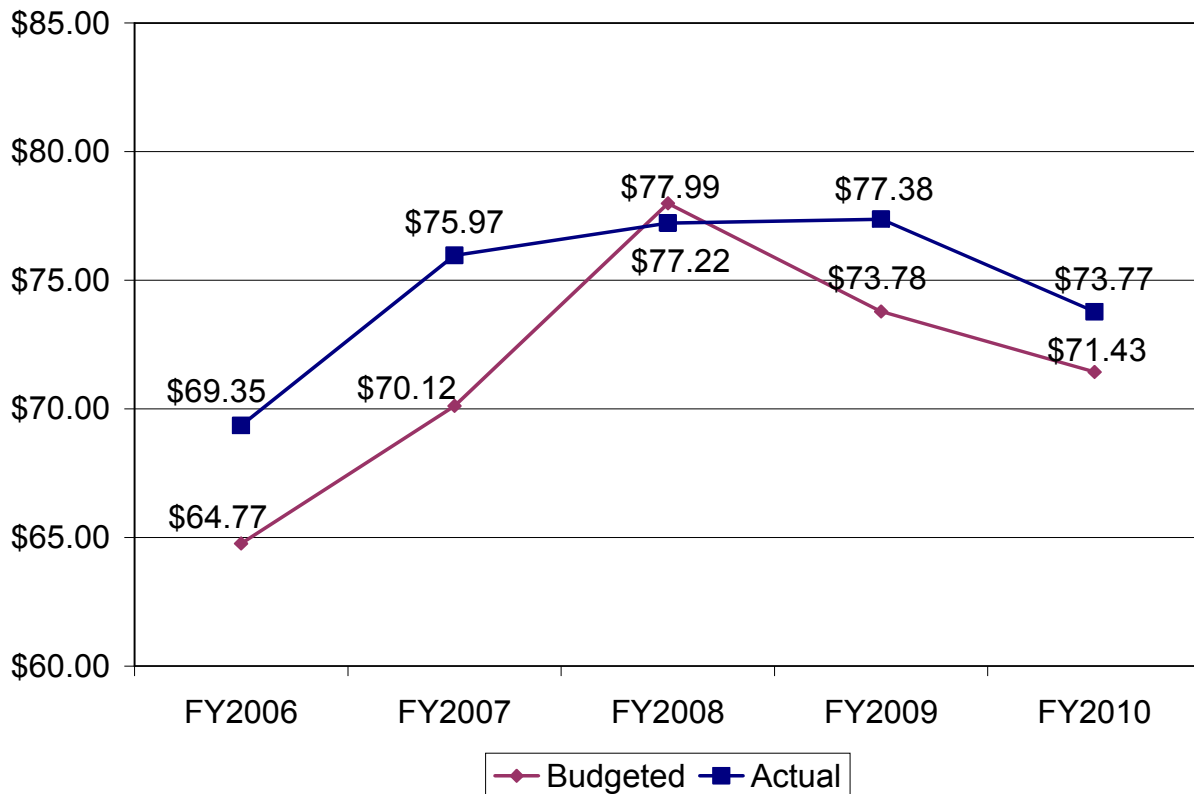
Cost containment is another strategy that RT should pursue with PI in its attempts to reduce the costs of ADA CPS. Two approaches to reducing the allocated costs are discussed below.

#### III.E.1 Cost Efficiency (Cost per Vehicle Service Hour)

A comparison of the allocated cost per vehicle service hour from the Collaborative Agreements' budgets versus the actual cost per vehicle service hour reported by PI are presented in Exhibit 16. Between FY2006 and FY2009 the allocated costs per vehicle service hour increased from \$64.77 to \$71.43, whereas the actual cost per vehicles service hour reported by PI increased from \$69.35 to \$76.41. Cost per vehicle service hour for both budgeted and actual peaked in FY2007 with costs of \$77.99 and \$77.22 per vehicle service hour, respectively. Overall the trend in budgeted and actual cost per vehicle service hour has been upwards. RT's cost containment strategy should include efforts that would reduce the allocated cost per vehicle service hour.



**Exhibit 16: Trend in Allocated Cost per Vehicle Service Hour  
Budgeted versus Actual**



	FY2006	FY2007	FY2008	FY2009	FY2010
<b>Budgeted Amounts from the Collaborative Agreement</b>					
a. Allocated Operating Cost	\$11,574,685	\$11,772,816	\$12,818,750	\$12,874,765	\$13,343,280
b. Passenger Fare Revenue	\$890,137	\$883,340	\$1,046,504	\$1,028,245	\$1,212,439
c. PI's Contribution	\$1,169,517	\$740,476	\$803,246	\$0	\$984,321
d. RT's Contribution	\$9,515,031	\$10,149,000	\$10,969,000	\$11,846,520	\$11,146,520
e. Trips Provided (a)	290,377	292,481	296,413	296,407	312,047
f. Vehicle Service Hours (VSH) (a)	178,716	167,904	164,363	174,503	186,800
g. Allocated Cost per VSH (a/f)	\$64.77	\$70.12	\$77.99	\$73.78	\$71.43
<b>Actual Data provided by Paratransit, Inc.</b>					
Actual Cost per VSH	\$69.35	\$75.97	\$77.22	\$77.38	\$73.77 (a)

(a) Projected data as of February 22, 2010

### III.E.2 Cost Allocation (Passenger Trip Miles)

The number of trips provided is a basic measure of service consumption. Since not all trips are of the same trip length, a better measure of consumption is the number

of passenger trip miles. A comparison of allocation percentages for FY2010 Type I and Type II trips using these two consumption statistics is presented in Exhibit 17. As shown in this exhibit, allocation costs for Type I trips based on passenger trips miles would reduce the allocation percentage by more than four percentage points to 83.5 percent, a potential reduction of approximately \$500,000.

**Exhibit 17: Difference in FY2010 Allocation Percentages**

	Type I Trips	Type II Trips	Total
Trips Provided	312,047	44,171	356,218
Percent	87.6%	12.4%	100.0%
Passenger Trip Miles (a)	2,770,977	548,604	3,319,581
Percent	83.5%	16.5%	100.0%

(a) Based on average trip lengths of 8.88 miles for Type I trips and 12.42 miles for Type II trips (Appendix B)

## **IV. ALTERNATIVE SERVICE DELIVERY CONCEPTS**

RT's existing relationship with PI is only one way in which ADA CPS could be delivered in the Sacramento Region. As a matter of sound business strategy, RT could and should consider competitively contracting for ADA CPS, or to bring the operation of ADA CPS entirely within RT's organization.

### **IV.A Competitive Contracting of ADA CPS**

RT staff has completed some background work in the past on gathering information about contracting activities by systems throughout the country. A summary of this information is presented in Appendix C. The following is a list of major milestones that should be completed by RT:

- Prepare Milestones and Timeline- Develop RFP
- Prepare List of Potential/Interested Bidders
- Solicit Expression of Interest

### **IV.B In-House Operation of ADA CPS**

RT staff has also completed some background work in the past on gathering information about in-house operation of the ADA service. The following is a list of major milestones that should be completed by RT:

- Update Milestones and Timeline
- Update Personnel, Training and Start-up Needs
- Update equipment and facility impacts
- Prepare capital cost estimates

## V. SUMMARY OF FINDINGS

This section summarizes the key findings from this review of PI's cost allocation methodology; performance levels in the past four years; and provisions of the current Collaborative Agreement.

- Cost Allocation Methodology – PI's cost allocation, calibration and application methodology has many strengths and is well suited for this purpose under steady state condition. Since the allocation methodology appears to be sound, reductions in allocated costs will have to be sought through reductions in administrative personnel, wages and benefits, and other economies similar to those being considered by RT.
- Performance Measures and Levels – A number of performance indicators for PI's Demand Response service were examined – trips provided per vehicle service hour, percentage of subscription trips, capacity denials, no shows, on-time performance and on-board trip time. Changes to standards and measures were proposed for improving performance which could potentially result in cost savings over time.
- Provisions of the Collaborative Agreement – ways to strengthen and improve RT's ability to obtain timely access to ADA CPS operational and performance information from PI were considered. Modifications to the current Collaborative Agreement provisions were proposed. The modifications included revisions to existing provisions as well as addition of new articles.
- Alternative Service Delivery Concepts – alternatives to the existing arrangement with PI were proposed. These included competitively contracting for ADA CPS, or bringing the operation of ADA CPS entirely within RT's organization.

## APPENDIX A: DETAILS OF ALLOCATION PERCENTAGES

### Appendix A1: FY2008 Non Administrative FTEs

Payroll Departments		Employee Count	DR	CTSA	OM	MT	PTSD	DS
1	Drivers	110.57	95.28	9.89	0.00	0.00	0.00	5.40
2	Training Center	11.00	9.48	1.41	0.00	0.00	0.00	0.11
3	Call Center	33.00	28.44	4.23	0.00	0.00	0.00	0.33
4	Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Travel Training	11.50	0.00	0.00	0.00	11.50	0.00	0.00
6	IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Maintenance	28.00	13.69	4.62	8.75	0.00	0.00	0.94
8	Customer Service	10.00	7.62	2.38	0.00	0.00	0.00	0.00
9	TMS/PSTD	5.00	0.00	0.00	0.00	0.00	5.00	0.00
11	Dispatch Center	20.00	17.23	2.57	0.00	0.00	0.00	0.20
Total		229.07	171.73	25.11	8.75	11.50	5.00	6.98
Allocation Percentage		100.00%	74.97%	10.96%	3.82%	5.02%	2.18%	3.05%

### Appendix A2: FY2008 FTEs by Service Mode

	DR	CTSA	DS	Total
Driving FTEs	95.3	9.9	5.4	110.6
Percent	86.17%	8.94%	4.89%	100.00%
Operations FTEs	55.2	8.2	0.6	64.0
Percent	86.17%	12.83%	1.00%	100.00%

**Appendix A3: FY2007 Maintenance Labor Hours Percentage Distribution**

	<b>DR</b>	<b>CTSA</b>	<b>Outside Maintenance</b>	<b>DS</b>	<b>Total</b>
Jul-06	50.43	18.15	30.38	1.04	100.00
Aug-06	50.13	13.72	32.77	3.38	100.00
Sep-06	52.32	18.93	25.37	3.38	100.00
Oct-06	46.69	13.81	35.24	4.26	100.00
Nov-06	45.61	19.40	31.99	3.00	100.00
Dec-06	50.19	15.14	30.90	3.77	100.00
Jan-07	42.74	16.69	36.19	4.38	100.00
Feb-07	48.60	17.81	31.12	2.47	100.00
Mar-07	53.19	14.84	27.42	4.55	100.00
Total	439.90	148.49	281.38	30.23	900.00
Average	48.88%	16.50%	31.26%	3.36%	100.00%

### Appendix A4: FY2008 Occupancy Allocation

	Demand Response	CTSA	Outside Maintenance	Mobility Training	Planning & Trans Sys Dev	Diversified Services	Total
PA & NPA (a)	74.97%	10.96%	3.82%	5.02%	2.18%	3.05%	100.00%
Florin Rent & Repair Allocation (Prior to maint distribution)	38.97%	5.70%	50.00%	2.61%	1.13%	1.58%	100.00%
Maintenance Labor Hours Allocation	48.88%	16.50%	31.26%	0.00%	0.00%	3.36%	100.00%
Maintenance Rent & Repair Allocation (b)	24.44%	8.25%	15.63%	0.00%	0.00%	1.68%	50.00%
Net Occupancy Allocation	63.41%	13.95%	15.63%	2.61%	1.13%	3.26%	100.00%

(a) Based on actual distribution of non-Admin FTEs.  
 (b) per Maintenance Labor Hours Allocation.

## APPENDIX B: SUMMARY OF DISCRETE TRIPS (One Day Sample)

	Average Trip Length (miles)	Average Miles per Hour	Average Trip Time (hrs)
Type I	8.88	16.08	0.55
Type II	12.42	21.75	0.59



## APPENDIX C: SUMMARY OF BENCHMARKING ANALYSIS

AGENCY	DATA PERIOD	TOTAL ANNUAL TRIPS	TOTAL ANNUAL ADA HOURS	COST PER PASSENGER TRIP	COST PER VEHICLE SERVICE HOUR	COST PER VEHICLE SERVICE MILE	CAPACITY DENIAL RATE	# TRIPS PROVIDED PER VEHICLE SERVICE HOUR	NO-SHOW RATE	ON-TIME PERFORMANCE	ON-BOARD TRIP TIMES (minutes)	SUBSCRIPTION SERVICE LEVEL	SCHEDULING SOFTWARE	IN-HOUSE OR CONTRACT
Sacramento Regional Transit District (Sacramento, CA)	FY2008	296,413	164,363	\$43.25	\$77.99	(a)	0.3000%	1.35	3.46%	90.00%	(d)	6.3%	TRAPEZE	CONTRACT
C-Tran (Vancouver, WA)	FY2008	224,773	83,373	\$34.99	\$79.75	\$5.15	0.0000%	2.70	1.06%	97.40%	(d)	18.31%	TRAPEZE	IN-HOUSE
Spokane Transit (Spokane, WA)	FY2008	516,616	178,981	\$23.15	\$66.91	\$4.50	0.0000%	2.80	1.50%	92.58%	(a)	45%	TRAPEZE 8	55% IN-HOUSE; 45% CONTRACT
Broward County Transit Division (Pompano Beach, FL)	FY2009	644,974	599,304	\$31.34	\$52.77	\$3.01	0.0000%	1.68	3.07% (c)	98.00%	37	68%	STRATAGEN ADEPT V 5.6.31	CONTRACT
Lane Transit District (Eugene, OR)	FY2009	83,836	42,784	\$23.55	\$48.05	\$3.21	0.0001%	1.96	1.03%	86.20%	28.9	27.3%	DRSI ARCLOGISTICS ROUTE	CONTRACT
RTC Reno (Reno, NV)	FY2009	238,026	90,043	\$22.00	\$48.75	\$3.20	0.0000%	2.60	2.40%	95.30%	23	50%	TRAPEZE 7.1	CONTRACT
MBTA (Boston, MA)	FY2009	1,983,489	1,590,276	\$31.35	\$46.78	\$3.88	0.0000%	1.60	6.69%	98.70%	(a)	(a)	STRATAGEN ADEPT V 5.3	CONTRACT
TriMet (Portland, OR)	July 2008 - May 2009	1,100,000	579,442	\$26.00	\$25.00	\$3.31	0.0000%	1.71	2.50%	92.00%	32	40%	TRAPEZE 7	CONTRACT
RTC Southern Nevada (Las Vegas, NV)	FY2008	726,567	460,934	\$38.33	\$60.42	\$3.98	0.0100%	1.58	2.40%	95.80%	32.81	19%	TRAPEZE	CONTRACT
Metropolitan Transit System (San Diego, CA) (b)	FY2009	372,273	185,073	\$32.68	\$57.19	\$3.26	0.0000%	2.10	1.31%	93.00%	34	35.17%	TRAPEZE 8	CONTRACT
Transit Authority of River City (Louisville, KY)	FY2009	385,000	253,583	\$28.77	\$43.72	\$2.60	0.0000%	1.52	4.10%	93.20%	(a)	34%	TRAPEZE PASS	CONTRACT
Roseville Transit (e)	FY2008-09	35,499	1,985	\$29.71	\$79.14	\$6.33	0.0000%	2.32	5.00%	97.00%	23	39.50%	TRAPEZE	CONTRACT
Benchmark Average		573,732	369,616	\$29.26	\$55.32	\$3.86	0.0009%	2.05	2.82%	94.47%	30.1	37.6%		

(a) Not available

(b) Cost includes fuel

(c) 5.07% including late cancellations

(d) Less than one hour

(e) includes general public dial-a-ride service